

TWENTY24

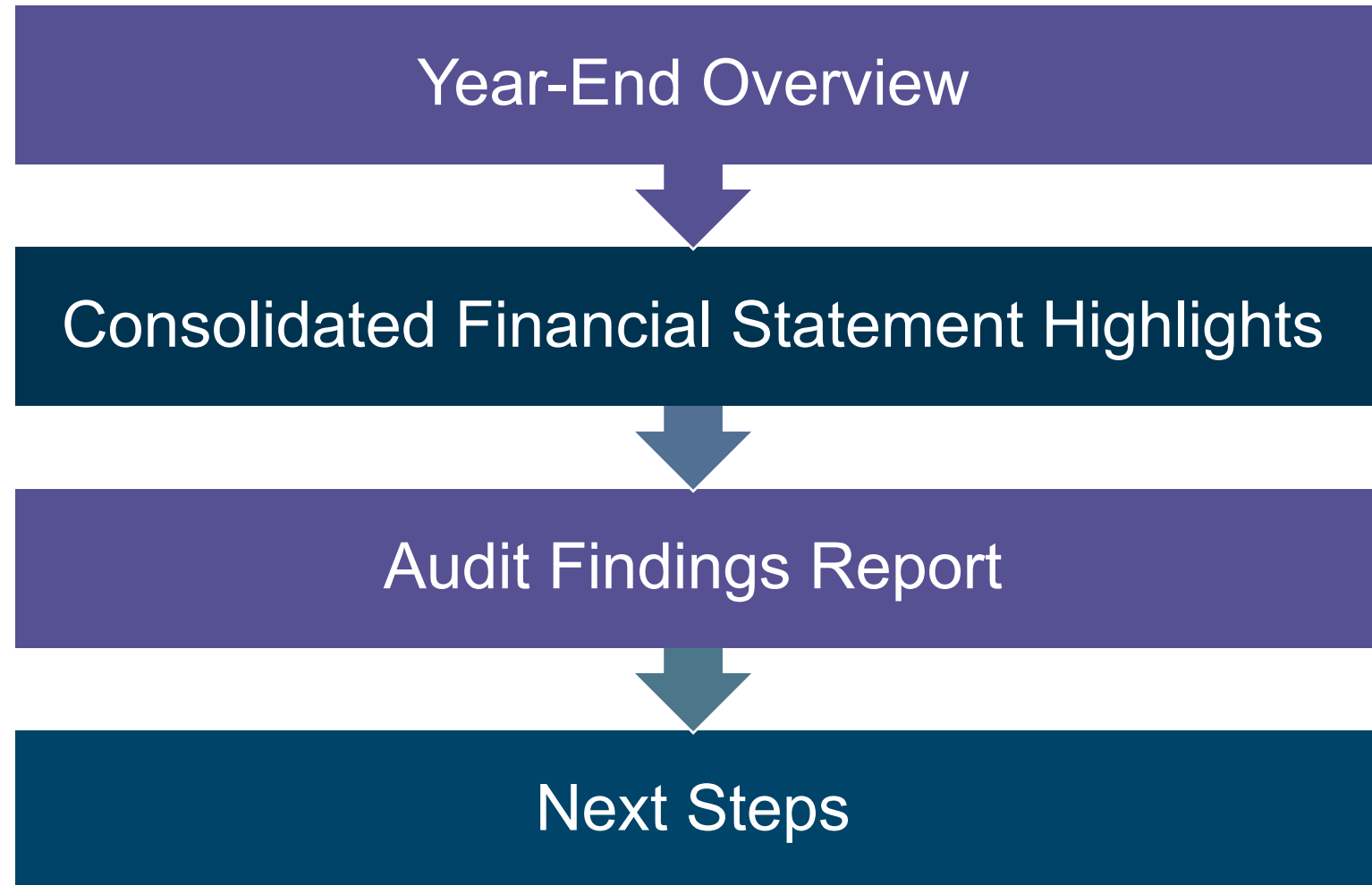
NIAGARA REGION

Consolidated Financial Statement Highlights

Audit Committee

May 20, 2025

Agenda



Year-End Overview

Recap of reports presented during the year

Activity	2024	2023
Audit Planning Report	AC – Dec. 9, 2024	AC – Sept. 18, 2023
Q2 Financial Update	CSC – Sept. 11, 2024 Council – Sept. 26, 2024	CSC – Sept. 13, 2023 Council – Sept. 21, 2023
Q3 Financial Update	CSC – Dec. 4, 2024 Council – Dec. 12, 2024	CSC – Dec. 6, 2023 Council – Dec. 14, 2023
Year-End Results and Transfer Report	CSC – Mar. 5, 2025 Council – Mar. 20, 2025	CSC – Mar. 6, 2024 Council – Mar. 21, 2024
Audit Committee Review of Audited Financial Statements	May 20, 2025	May 21, 2024
Council Review of Audited Financial Statements	May 22, 2025	May 23, 2024

Year-End Overview

2024 Statistics

818 active
Department IDs
managed across
18 Lines of
Business

**Journal
Entries
Approved**
2024 – 5,483
2023 – 5,400

**POs Greater
Than \$25k**
2024 – 1,919
2023 – 1,834

Invoices Paid
2024 – 121,752
2023 – 121,254

Basis for **25**
financial
statement audit
reports
(including
ABC's)

Year-End Overview

2024 Audit Plan Highlights

Risk Based Approach

- Significant risks were assessed and resulted in specific audit procedures

Materiality

- Level at which we consider a misstatement could reasonably be expected to influence the economic decisions of users.
 - Set at \$36 million - determined based off total revenues
- Audit misstatements greater than \$1.8 million would be reported to Audit Committee

Financial statements are free from material misstatements

Year-End Overview

Presentation Reconciliation

Key highlights between what you see in the Budget vs. Audited PSAS* Financial Statements

Budget Financials (Presented Quarterly)	Audited Financials (Presented Annually)
Goal: Setting taxes	Goal: Fairly state Region's consolidated financial position
Functional basis – General Levy, Special Levy, Rate, Capital	Canadian PSAS
Used for setting tax rates	Used for credit rating, annual report
Encumbrance accounting	Accrual accounting
Reserve accounting	Excludes reserve transfers
Excludes unfunded liabilities (i.e. employee future benefits, asset retirement obligations)	Includes all liabilities
Capital is based on funding sources	Capital is expensed through depreciation
Not consolidated	Consolidated
Budget created to manage at program level	Audited statements summarized at overall financial position

Reconciliation of Surplus

Reconciliation of differences between year-end results and audited financial statements.

A detailed surplus reconciliation is found in Appendix 3 to report AC-C 4-2025

(in millions)	2024	2023
Net operating surplus per Year-End Transfer Report CSD 8-2025	\$17.7	\$7.2
Net capital activity	(45.1)	36.4
Net funding activity	166.1	148.9
Change in unfunded liabilities	(10.2)	(8.7)
Audited financials (PSAS) surplus	\$ 128.5	\$183.8

Statement of Operations

Revenues

Budget to Actual (in millions)

Change

Budgeted revenues per financial statements

\$1,448.9

Significant changes:

Levies on area municipalities	Supplemental tax and payment-in-lieu of taxes	4.3
User charges	Increased fees collected across multiple programs	4.2
Government transfers (ON)	Mainly due to higher than budgeted social assistance caseload	9.1
Development charges earned	Attributed to timing in combined sewer overflow program grants	(6.6)
Investment income	Adjustment in methodology for recording interest income allocation for principal protected notes	(8.9)
Other/Miscellaneous	Variances related to overall program delivery and timing of land sales	11.2

Actual Revenues

\$1,462.2

Statement of Operations

Expenses

Budget to Actual (in millions)		Change
Budgeted expenses per financial statements		\$1,344.1
Significant changes:		
General Government	Mainly driven by a reduction in tax write offs related to settled and accrued assessment appeals and reduction in legal liability	(18.0)
Environmental services	Largely attributable to timing in combined sewer overflow grants	(18.7)
Social and family services	Mainly driven by higher than budgeted social assistance caseload and benefit issuances	19.0
Social housing	Due to timing of spend related to Rapid Housing Initiative	(2.4)
Planning and development	Variances in DC grants and exemptions related to agriculture, industrial and brownfield	8.8
Other/Miscellaneous	Variances in various different programs	0.9
Actual Expenses		\$1,333.7

Statement of Financial Position

Employee Future Benefits (EFB) - Note 5) and
Asset Retirement Obligations (ARO) - Note 7

(in millions)	2024			2023		
	EFB	ARO - Landfill	ARO – Asbestos and Leases	EFB	ARO - Landfill	ARO – Asbestos and Leases
Liability	\$ 151.4	\$ 131.1	\$9.2	\$ 141.0	\$ 140.4	\$10.7
Reserves	33.6	4.1	-	35.0	5.4	-
Funded Status	22%	3%	0%	25%	4%	0%

These liabilities are partially funded with reserves

2025 revised waste management reserve strategy validated adequacy of annual landfill liability reserve contributions over 212-year lifespan of landfills.

Statement of Financial Position

Long Term Liabilities (Note 9)

(in millions)	2024	2023	Change
Long-Term Liabilities			
Long-term debt	\$ 757.9	\$ 709.7	\$ 48.2
Less: Debt recoverable from LAMs	(365.5)	(343.5)	(22.0)
Net Region long-term liabilities	\$ 392.4	\$ 366.2	\$ (30.5)

(in millions)	Debt Issued in 2024	Debt Issued in 2023	Net Change
Region	\$ 60.3	\$ -	\$ 60.3
LAMs	57.0	43.2	13.8
Long-term liabilities	\$ 117.3	\$ 43.2	\$ 74.1

An additional \$433 million of debt is approved but unissued

Next Steps

Financial Statement Approval and Annual Report

Consolidated Financial Statements

- Approved by Council
- Final audit report to be issued by KPMG

Program Financial Audits

- Sent to Audit Committee for information
- Statements approved by Committee which oversees operations

Annual Report

- To be published in June
- Submitted to GFOA: Canadian Award for Financial Reporting

Audit Findings Report

Presented by: Carlos Alvarez, Partner, KPMG

- Audit findings report included (Appendix 2)
- Unqualified audit opinion
- No material items to report

Questions?

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